

Rent Control Testimony

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RE: H.B. No. 6588 (RAISED) AN ACT CONCERNING RENT STABILIZATION.

H.B. No. 6589 (RAISED) AN ACT CONCERNING RENT STABILIZATION IN MOBILE
MANUFACTURED HOME PARKS.

I am testifying in opposition to House Bill 6588 and House Bill 6589.

There is no shortage of examples regarding the detailed economic reasons why rent control measures are not an appropriate governmental policy to provide more affordable housing in a community. I would like to offer a simpler analysis, one that I can more easily understand.

I would like to think that we can agree that the high cost of rent in CT, and of housing in general, is a result of strong demand for housing and not enough housing supply to meet that demand. CT's housing production numbers have been very low since 2009. In fact, in the Governor's State of the State address, he acknowledges that the high cost of housing is a big impediment to economic growth and encourages towns to do more through zoning changes to allow for more development so that builders can get back to work creating more housing units.

So, the answer to the high cost of housing is to increase the supply of housing. Increasing the supply will bring down the overall cost of housing in our state.

Rent control will do the exact opposite: Rent control will drastically reduce the number of new rental units built going forward and will degrade the quality of the existing housing stock over time.

In my town of Cheshire, there had been virtually no new rental units built going back 20 years. In response to recent zoning changes allowing for multi-unit development with an affordable component, there are at least 4 multifamily projects currently under construction adding about 200 rental units to the local housing supply. In addition, there is another 300 unit project approved to be started later this year.

If rent control measures were in place, it is likely that none of these projects would have been built. Speaking specifically about the 56 unit project that I am a part of, I can say definitively that the 14 affordable and 42 market rate units would not have gone forward. Why? Because banks would require much larger equity contributions to mitigate the lower levels of income

generated by the project and the investors would not put their money in place because of the lower return on investment that this same project would generate. Right now, I can see a greater reluctance on the part of banks to even talk about new multifamily projects as a direct result of the uncertainty created by merely having rent control contemplated by the lawmakers in our state.

The new multifamily units being built in Cheshire are being received enthusiastically by the local market. In fact, there are waiting lists being generated as units are being constructed. It is clear to me that as these new units come online, town government will benefit from new tax revenue, local merchants will benefit from added economic activity and the town itself will benefit from greater civic vitality. It would be terrible to think that all of these positive changes could be wiped out by ill-conceived government policies.

Government policies should address the root causes of the high cost of housing in CT. Rent control may temporarily offer an economic advantage to a select few in our state, but while doing so aggravate the underlying issue of housing supply by greatly reducing multifamily development and construction. This ultimately makes the housing affordability problem in our state worse, not better. Please do not pass House Bills 6588 and 6589.